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FM AMCONSUL SAO PAULO  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6859  
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE  
RUEHBR/AMEMBASSY BRASILIA PRIORITY 7991  
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8025  
RUCPDOG/USDOC WASHDC 2773

UNCLAS SAO PAULO 000368

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E.O. 12958: N/A  
TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [ETRD](#) [BR](#)  
SUBJECT: MEDIA REACTION: MIDEAST: ISRAEL; WESTERN HEMISPHERE:  
VENEZUELA, IMF; SAO PAULO

11. "Report Converts Israel Into 'Razed Land'"

Center-right national circulation daily O Estado de S. Paulo's Paris correspondent Giles Lapouge commented (5/3): "Following the preliminary conclusions of the Winograd Committee report on the war between Israel and Lebanon last year, Prime Minister Ehud Olmert has almost nothing left.... The episode is a turning point in Israel's history.... The Israeli Army obtained a series of victories during 50 years and became a military power.... The Israeli defeat has had devastating political effects: the Middle East's geo-strategic landscape has been changing.... Lebanese Hezbollah may take advantage of the current demoralizing situation Israel is facing to attack once again."

12. "One Less Ally?"

IMF Executive Director [representing Brazil and eight other South American and Caribbean nations] Paulo Nogueira Batista wrote in liberal, largest national circulation daily Folha de S. Paulo (5/3): "President Hugo Chavez announced that Venezuela will withdraw from the IMF and the World Bank.... Chavez's decision has a component that is understandable. Both the IMF and the World Bank are institutions strongly controlled by the U.S. and other developed nations. IMF-supported policies were frequently inadequate and helped to worsen the economic and political situation of nations that were obliged to resort to its loans.... However, President Chavez's decision is deplorable, and I hope that it will not be confirmed.... For Brazil and other South American nations, Venezuela's withdrawal would be a major loss. It represents one less ally in the current discussions on IMF reform.... Perhaps there is still time for the GOB to exert a moderating role and help to prevent a hasty decision that might isolate Venezuela and weaken its South American allies."  
McMullen